

Message Text

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PAGE 01 COTONO 01282 231757Z

61

ACTION OPIC-12

INFO OCT-01 AF-10 ADP-00 EB-11 COME-00 AID-20 AGR-20

TRSE-00 OMB-01 INR-10 CIAE-00 NSAE-00 XMB-07 L-03

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R 231410Z AUG 73

FM AMEMBASSY COTONOU

TO SECSTATE WASHDC 5440

C O N F I D E N T I A L COTONOU 1282

E.O. 11652: XGDS-1.

TAGS: EGEN, DM

SUBJECT: DYNALECTRON

REF: (A) STATE 163936

(B) STATE 165123

(C) COTONOU A-59

THE FOLLOWING MAY BE USEFUL TO DYNALECTRON (HRI) AND
OPIC IN DISCUSSIONS ON THE DAHOMEY PEANUT PROJECT.

1. PRESIDENTIAL ECONOMIC ADVISOR BABA MOUSSA ASSURED EMBASSY
THAT MRGD DECISION WILL BE TAKEN BEFORE END AUGUST. MEAN-
WHILE, AMBASSADOR HAS BEEN CONFIDENTIALLY ADVISED THAT
DAHOMAN AMBASSADOR TO BONN REPORTED THAT KFW REPORT WILL
PROBABLY BE NEGATIVE. REASON FOR NEGATIVE FINDING, ACCORDING TO SAME
SOURCE, IS NOT NON-FEASIBILITY OF PROJECT BUT PRESSURE FROM
GERMAN BUSINESS INTERESTS TO LOCATE PROCESSING PLANT IN FRG.

2. THERE HAVE BEEN NO OTHER EFFORTS TO ESTABLISH PEANUT
PROCESSING AND MARKETING BUSINESS IN DAHOMEY.

3. ACCORDING TO HRI'S OWN PROFIT PROJECTIONS, PROJECT
WOULD BE DEPENDENT ON SUPPLY OF PEANUTS FROM NIGER. EMBASSY,
HOWEVER, HAS IMPRESSION THAT DYNALECTRON PLAN AIMED AT
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PAGE 02 COTONO 01282 231757Z

PHASING OUT IMPORTS IN ABOUT 3 YEARS, AND THEN RELYING SOLELY

ON DOMESTIC PRODUCT. EMBASSY HAS NO REASON TO BELIEVE THAT IMPORT SUPPLY COULD NOT BE COUNTED ON IN NORMAL TIMES BUT DROUGHT SITUATION MAY HAVE CHANGED THIS. SUGGEST HOLDGRAF CONSULT WITH ROY BLANTON, WHO VISITED NIAMEY ON THIS QUESTION AND TOLD US THAT HE OPTIMISTIC ABOUT RECEIVING ADEQUATE SUPPLIES UNTIL DOMESTIC PRODUCTION SUFFICIENT FOR OPERATION.

4. WE CONSIDER POLITICAL CLIMATE FAVORABLE TO US INVESTMENT, WHICH IS BEING ACTIVELY ENCOURAGED BY GOVERNMENT IN EFFORT TO BREAK AWAY FROM FRENCH DOMINANCE IN ECONOMY. WITH VIRTUALLY ALL NEW PROJECTS, THERE IS CONSCIOUS EFFORT TO STEER CLEAR OF FRENCH OFFERS. SUSPICION OF FOREIGN BUSINESS COMMUNITY MENTIONED IN FIRST PARA OF OUR A-59 CONCERNS FRENCH AND LEBANESE. TAKING THE LONHRO-LANG SUGAR PROJECT AND MERLIN CORPORATION FRUIT OPERATION AS EXAMPLES, WE FORESEE NO IMPEDIMENTS TO PURSUING A PROJECT ONCE DYNALECTRON HAS SIGNED CONTRACT AND BEGINS TO OPERATE IN DAHOMEY. LONHRO-LANG, WHICH JUST COMPLETED A MAJOR STUDY, HAS RECEIVED FULL COOPERATION FROM GOVERNMENT.

5 RE POINTS D AND E, PARA 6, OF REFTEL (A), THERE ARE TWO COURSES OF ACTION ON WHICH WE WOULD WELCOME HOLDGRAF'S VIEWS:

A. APPROACH BY EMBASSY TO BABA MOUSSA ON HOLDGRAF'S BEHALF PRIOR MRGD DECISION DUE BEFORE END OF AUGUST.

B. DIRECT APPROACH BY HOLDGRAF TO BABA MOUSSA IF MRGD DECIDES PURSUE DYNALECTRON PROPOSAL.

AS WE HAVE INFORMED BABA MOUSSA HRI PLANS NO FURTHER ACTION PENDING WORD FROM MRGD (COTONOU 1223), LATTER APPROACH SEEMS MORE APPROPRIATE.

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